

ORIGINAL

DIVISION OF CONSUMER ADVOCACY  
Department of Commerce and  
Consumer Affairs  
335 Merchant Street, Room 326  
Honolulu, Hawaii 96813  
Telephone: (808) 586-2800

PUBLIC UTILITIES  
COMMISSION

2009 OCT -9 P 3:42

FILED

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
HAWAIIAN BEACHES WATER COMPANY, INC. )  
For review and approval of rate increases; )  
revised rate schedules. )

DOCKET NO. 2009-0161

**DIVISION OF CONSUMER ADVOCACY'S**  
**FIRST SUBMISSION OF INFORMATION REQUESTS**

Pursuant to the agreed upon Stipulated Regulatory Schedule set forth in the Stipulated Procedural Order submitted for Commission review and approval on October 8, 2009, the Division of Consumer Advocacy hereby submits its **FIRST SUBMISSION OF INFORMATION REQUESTS** which were informally filed with the Applicant on September 25, 2009.

DATED: Honolulu, Hawaii, October 9, 2009.

Respectfully submitted,

By Dean Nis  
for CATHERINE P. AWAKUNI  
Executive Director

DIVISION OF CONSUMER ADVOCACY

**DOCKET NO. 2009-0161**

**HAWAIIAN BEACHES WATER COMPANY, INC.**

**FIRST SUBMISSION OF INFORMATION REQUESTS**

**INSTRUCTIONS**

In order to expedite and facilitate the Consumer Advocate's review and analysis in the above matter, the following is requested:

1. For each response, the Company should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
2. Unless otherwise specifically requested, for applicable schedules or workpapers, the Company should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
3. When an information request makes reference to specific documentation used by the Company to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, Company instructions, or any other relevant authoritative source which the Company used.
4. Should the Company claim that any information is not discoverable for any reason:
  - a. State all claimed privileges and objections to disclosure;

- b. State all facts and reasons supporting each claimed privilege and objection;
- c. State under what conditions the Company is willing to permit disclosure to the Consumer Advocate (e.g., protective agreement, review at business offices, etc.); and
- d. If the Company claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that the Company claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).

**DOCKET NO. 2009-0161**

**HAWAIIAN BEACHES WATER COMPANY, INC.**

**FIRST SUBMISSION OF INFORMATION REQUESTS**

**General Information Requests.**

**CA-IR-1                    Ref: Application.**

Please confirm that Hawaiian Beaches Water Company, Inc. ("HBWC") and its predecessor, Miller and Lieb Water Company, Inc. ("MLW"), have not paid any dividends during the past five years. If the Consumer Advocate's understanding is incorrect, please provide the amount and rate associated with any dividends paid by HBWC and/or MLW in the last five years.

**CA-IR-2                    Ref: Application, Exhibit HBWC 2, Schedule 5, page 12.**

Please provide copies of the agreement and any amendments associated with the financial arrangement between Balonne Plains Pty, Ltd. and the Company as described on Exhibit HBWC 2, Schedule 5, page 12.

**Rate Base.**

**CA-IR-3                    Ref: Application, Exhibit HBWC 3.**

Please provide a detailed fixed asset schedule which identifies each asset included in each account that supports Hawaiian Beaches Water Company, Inc.'s ("HBWC") actual December 31,

2009 plant balance and accumulated depreciation. The schedule should provide the following information:

- a. Description of the asset.
- b. Date asset acquired.
- c. Cost of asset.
- d. The remaining net book value.
- e. Estimated service life for book purposes.
- f. Estimated service life for tax purposes, if different from book service life.

CA-IR-4

**Ref: Docket No. 2006-0442 Exhibit No. MLW 8-2-B.**

Exhibit No. MLW 8-2-B filed in Docket No. 2006-0442 identifies the following plant additions for the year 2007:

- 550'—12" Well with casing complete;
- Well Pump with column—550 gpm;
- Motor Controls and Soft Start;
- Piping and Electrical Work for Connection;
- 6" meter set up for SCADA;
- Distribution Meter with backflow preventor; and
- 400,000 gallon Water Storage Tank.

Page 9 of Exhibit HBWC-T-100 states that:

The Company signed a contract with Aqua Engineers, Inc., through its subsidiary Briant Construction, Inc. ("AE-BC") on July 18, 2007, to construct a 450 foot deep well, a 330,000 gallon steel composite storage

site and all related plant and equipment with a completion date of December 30, 2007 for a total contract amount of \$1,041,000.

- a. Please explain why the depth of the well and capacity of the tank were revised from Docket No. 2006-0442. Please include in the explanation, the following:
  1. The documentation (e.g., preliminary engineering study) that supports the original well depth and tank capacity discussed in Docket No. 2006-0442.
  2. The documentation (e.g., amended engineering study or calculations) that supports the actual well depth and tank capacity constructed by AE-BE.

CA-IR-5

**Ref: Application, Workpaper HBWC 9.2, page 3.**

Please provide the documentation (e.g., quotations, invoices) that support the "Original Contract Sum" of \$1,041,000 identified on Workpaper HBWC 9.2.

CA-IR-6

**Ref: Application, Exhibit HBWC 9.4.**

Please provide the workpapers and documentation used by the Company to determine the depreciation expense rates identified on Exhibit HBWC 9.4.

CA-IR-7

**Ref: Stipulation of Settlement Agreement in Lieu of Rebuttal Testimonies, filed April 4, 2007 in Docket No. 2006-0442 ("Stipulation").**

The following table summarizes the annual depreciation rates for several capital equipment costs used in the Stipulation (Exhibit C, page 6) and the instant proceeding.

	Docket No. 2006-0442 Stipulation	Docket No. 2009-0161
New Water Well	0.0250	0.05
Meters and Installation (2007)	0.05	0.0667

To the extent not discussed in another response, please explain why the Company is using different depreciation expense rates in the instant proceeding from the rates set forth in the Stipulation.

CA-IR-8

**Ref: Application, Exhibit HBWC 9.7.**

- a. Please identify the actual amount of contributions-in-aid-of construction ("CIAC") collected annually for the years 2006 through 2008.
- b. In light of the Company's new well and storage facilities, please discuss whether the Company plans to serve the 150 new customers anticipated in the Stipulation in Docket No. 2006-0442. If so, please identify when the Company plans to serve these customers.

1. If not, please explain why the Company will not be providing water service to these 150 homes.

CA-IR-9

**Ref: Application, Exhibits HBWC 9.5 and 9.6.**

Please provide a complete copy of the Company's federal and Hawaii income tax returns for the years 2007 through 2008.

CA-IR-10

**Ref: Application.**

- a. Have the existing customers expressed concerns with the maintenance of the water system?
- b. If so, please identify the type of issues of complaints expressed and explain how each issued was resolved.
- c. Has the Company or MLW received any notice of violations from the Department of Health or other agencies for the years 2007 to 2009 to-date?
- d. If so, please list the days on which such notice was received, describe the violation and explain what actions were taken to address each violation.

CA-IR-11

**Ref: Application.**

- a. Please provide copies of all permits the Company currently has with the State Department of Health. Please provide copies of any correspondence between the Company and



the State Department of Health associated with its current permits.

- b. Please provide copies of any reports filed by the Company with the State Department of Health for the years 2007 to 2009 to-date.

CA-IR-12

**Ref: Water Usage.**

- a. Please provide a copy of the electronic file for Confidential Workpaper HBWC 11.1
- b. Please provide a copy of the meter readings from June 2008 through February 2009 in the same format provided in Confidential Workaper HBWC 11.1. Please include a copy of the electronic file.

CA-IR-13

**Ref: Unaccounted for Water.**

- a. Please discuss whether the Company has conducted a leak detection survey to determine the water loss associated with: (1) its system; and (2) leaks attributed to the customers' service lines. If so, please provide a copy of the survey.
- b. If the Company has not conducted a survey, please explain why.

**Expenses.**

CA-IR-14

**Ref: Expenses.**

Please provide the 2009 to-date expense incurred for the following:

- a. Auto & Truck Expense.
- b. Postage.
- c. Communications.
- d. Office Supplies Expense by category.
- e. Repair & Maintenance.

CA-IR-15

**Ref: Employee Benefits & PR Taxes.**

- a. Please reconcile the July 1, 2009 HSMA rates identified on Exhibit HBWC 10.2 with the rates identified on Workpaper HBWC 10.2.
- b. Please provide documentation to support the HMSA rates for the year 2009.

CA-IR-16

**Ref: Electricity.**

- a. Please provide copies of the December electricity bills for each account for the years 2007 through 2008.
- b. Please provide copies of the electricity bills for each account for 2009 to-date.
- c. Please discuss whether the Company is on a Rider M tariff.

1. If not, in light of the fact that the Company has increased the capacity of its water system, please explain why the Company has not sought to be placed on a Rider M to lower the electricity costs to operate its pumps.
- d. Please provide the actual water pumped by month associated with each of the Company's pumps for the years 2007 through 2009 to-date.

CA-IR-17

**Ref: Rate Case Amortization.**

- a. Please provide the actual cost incurred for the preparation and filing of the rate case application for each of the categories identified on Exhibit HBWC 10.11 and confirm that this phase has been completed. Please include copies of invoices, etc., that support the Company's response.
- b. If the actual costs deviated from the projected cost by 5%, please explain why such deviation occurred.

CA-IR-18

**Ref: Insurance.**

- a. Please provide copies of the insurance premium invoices supporting the coverage levels for each type of insurance and the annual premium expense identified on Workpaper HBWC 10.5.

- b. Please explain why the Company believes that a 5% increase to the annual premium is reasonable to determine the test year insurance expense. Please provide calculations and/or workpapers to support the 5% increase.
- c. In Docket No. 2006-0442, it does not appear that the Company maintained coverage for "Pollution Liability". Please explain why the Company elected to have such coverage.

CA-IR-19

**Ref: Legal & Professional.**

- a. Please describe the legal costs incurred in 2007 and 2008 by identifying the purpose for the service provided and the costs associated with each purpose.
- b. Please provide the legal costs incurred in 2009 to-date. Please provide the invoices to support these costs.

CA-IR-20

**Ref: Salaries & Wages.**

In Exhibit HBWC-T-100, page 27, Mr. O'Brien states that the test year salaries & wages includes a three percent wage increase on July 1, 2009 and a three percent wage increase on January 1, 2010. Please discuss why the Company believes that such wage increases are reasonable in the current economic times.

CA-IR-21

**Ref: Salaries & Wages.**

In Docket No. 2006-0442, the Company had five employees (two full-time and three part-time). In response to CA-IR-19 filed in Docket No. 2006-0442, the Company planned to convert one of the part-time positions to a full-time position and hire two additional part-time positions, which would result in three full-time and four part-time positions.

- a. In the instant proceeding, it appears that the Company retains [REDACTED] positions.
  1. Please discuss the factors considered by the Company to retain [REDACTED] positions instead of the three full-time and four part-time positions as represented in Docket No. 2006-0442.
- b. Please describe the specific work activities performed by all the employees identified on Confidential Workpaper HBWC 10.1.
- c. Please provide the actual hours recorded for each of the hourly employees identified on Confidential Workpaper HBWC 10.1 for the years 2006 to 2009 to-date.
- d. Please provide the actual costs incurred for overtime for the years 2006 to 2009 to-date. Please provide the documentation used to support the actual costs.

CA-IR-22

**Ref: Salaries & Wages.**

- a. Please provide the calculations and/or workpapers used to calculate the [REDACTED] % factor for the "Charged to Construction".
- b. Please provide the actual percentage "Charged to Construction" for the years 2006 through 2009 to-date.

CA-IR-23

**Ref: Salaries & Wages.**

- a. Please provide the hourly rate for [REDACTED] for the years 2006 to 2009 to-date.
- b. To the extent not discussed in another response, please identify the type of [REDACTED] referenced in note [c] of Confidential Workpaper HBWC 10.1.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S FIRST SUBMISSION OF INFORMATION REQUESTS** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

MICHAEL H. LAU, ESQ.  
KRIS N. NAKAGAWA, ESQ.  
SANDRA L. WILHIDE, ESQ.  
Moriwara Lau & Fong LLP  
Davies Pacific Center  
841 Bishop Street, Suite 400  
Honolulu, Hawaii 96813

1 copy  
by hand delivery  
w/o enclosures

DATED: Honolulu, Hawaii, October 9, 2009.

  
\_\_\_\_\_